

Snowe, Collins, Michaud, Pingree Call on President to Investigate Chinese Paper Subsidies

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China's State-Subsidized Paper Industry Creates Unfair, Unlevel Playing Field for American Producers

WASHINGTON, D.C. — With the recent release of a report identifying how massive, known subsidies provided by China to its paper producers unfairly gouges a share of the U.S. market, Senators Olympia J. Snowe and Susan Collins (R-Maine) and U.S. Representatives Michael Michaud and Chellie Pingree (D-Maine) called on President Obama to conduct an in-depth examination of China's unfair subsidization of its domestic paper industry. Senator Snowe, who led the letter with Ron Wyden (D-Ore.) in the Senate, and Congressman Michaud, who led the letter with Thaddeus McCotter (R-MI) in the House, were joined by over 100 lawmakers from 30 states in asking the President to use the study as the basis for action to remedy these unfair trade practices.

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"America's paper industry is the most efficient in the world and is part of a supply chain that promotes sustainable forestry practices and good-paying jobs," the lawmakers wrote in the letter. "This industry should not be asked to continue to compete on the unlevel playing field that China has constructed through heavy subsidization of domestic production."

"China's domestic paper subsidies are frankly unacceptable and destabilize components of the global trading system, putting Maine and our nation's paper industry at a significant disadvantage. It is imperative that our government act swiftly not only to enforce current trade laws but also to implement new policies to guarantee our paper producers can fully compete in a fair, global market," said Senator Snowe.

"This is a critical issue for numerous industries, including paper producers in Maine. The Chinese yuan is pegged to the U.S. dollar at artificially low levels. As a result, China is able to undervalue the prices of its exports. Not only does this practice provide Chinese producers with a price advantage, but it is a clear subsidy. Our letter requests that the Administration act on this critical issue," said Senator Collins.

"From my time as a paper mill worker, I know firsthand the consequences of unfair trade practices. The paper mill I worked in for nearly 30 years shut down soon after I was sworn in as a member of Congress because our foreign competitors don't play by the rules. Communities in Maine and across the country that depend on the paper industry for their livelihoods need the Administration to address these foreign subsidies with all available resources," said Representative Michaud.

"This is an issue of fundamental fairness. China's subsidies create an unfair competitive advantage for paper makers in that country. It's time for the Obama Administration to get serious about enforcing existing law and leveling the playing field," said Representative Pingree.

According to a study conducted by the Economic Policy Institute, paper production in China has tripled in the last ten years, despite a global market that is saturated and the fact that China enjoys no market-based advantages over other producers. The Institute indentified heavy state-provided subsidies that China's paper producers receive, which provide them an artificial advantage over U.S. paper producers.

The EPI study makes clear that the colossal subsidies that China's paper industry enjoys is negatively impacting U.S. paper producers by forcing them to compete on an unlevel playing field. The letter sent to President Obama strongly urges the administration to examine the practices of the Chinese government and to take action to remedy the situation.

A copy of the letter can be found [here](#).

The EPI's report can be accessed [here](#).

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